

OMB Declassification & Release Instructions on File - No Referral to OMB

OVERSEAS COMPENSATION PROJECT

Analysis Chart A

The objective of the Overseas Compensation Study Project is: "...to develop a plan, including administrative and legislative proposals, for a compensation system which would be reasonably uniform and yet adaptable to varying situations and which would provide minimum essential incentives as an aid in the recruitment and retention of qualified employees."

To achieve this objective it will be necessary: first, to make a thorough analysis of the situations and conditions of service overseas which might warrant compensation in addition to that provided for similar work within the continental United States; second, to determine how far present types of compensation meet these requirements; and finally, to develop a system of compensation which will reasonably meet the demands. Although there is some evidence that base pay standards are being manipulated as a substitute for adequate allowances, it is suggested that consideration of this element in the total compensation picture be postponed for later treatment.

Analysis Chart A, attached hereto, is an enumeration of certain of the adverse conditions found overseas with an indication of some of the methods of monetary compensation presently provided, and, in some cases, preliminary evaluations. Explanation of the columns follows:

Adverse Conditions Overseas: Undoubtedly, there are additional conditions which should be considered; possibly some of these listed do not merit analysis.

Methods of Compensating for: Some of the monetary compensations for adverse conditions have been listed. A complete list should be developed. There are still others such as those in the area of psychological compensations which might well be considered along with the tangible ones.

Evaluation: Much effort should be expended in securing factual data to support evaluations both of apparent and alleged adverse conditions and of the degree to which present or proposed payments might suffice.

It is proposed that, in order to establish a solid foundation on which to build an adequate compensation system, each individual type of "adversity" be analyzed, its possible compensation be established, and the whole package be carefully appraised.

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Analysis Chart A

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| ADVERSE CONDITIONS OVERSEAS | METHODS OF COMPENSATING FOR | EVALUATION |
|--|--|---|
| <p>I. Personal Finances:</p> <p>1. Higher prices</p> <p>2. Cost of education of dependent children</p> <p>3. Individual and family expenditure pattern higher, due to general representational needs, than in comparable State-side positions.</p> <p>4. Original outfitting costs incident to accepting overseas assignment</p> <p>5. Loss of personal property</p> | <p>1. Cost-of-living allowance</p> <p>2. No allowance</p> <p>3. Limited diplomatic representation allowance for certain categories only.</p> <p>4. None</p> <p>5. No provision other than cumbersome private relief bills.</p> | <p>1. a. Generally adequate for foreign areas. b. Limited to 25% of base pay in Territories. // Need Bureau Labor Statistics survey of standard budgets in D. C., Puerto Rico, and Hawaii.</p> <p>2. a. In some locations Government provides subsidized schools; tuition charged. b. Presumed absence of State and county school taxes provides a partial offset to education costs. // See extensive file dating back to 1947 with sampling statistics showing cost to average family; estimate of number of families involved. See pending bill and justification (S. 1985). // Need factual data in the form of typical budgets - an adequate sampling at various salary levels. Isolation of the diplomatic representational factor needed.</p> <p>4. An initial financing problem of considerable magnitude in some instances. // Need factual data from agency experience showing typical outlay - check to see necessity of purchases - length of amortization.</p> <p>5. Usual insurance provisions are generally not economically feasible. // Need information on experience; frequency of loss.</p> |

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Analysis Chart A (continued)

| ADVERSE CONDITIONS OVERSEAS | METHODS OF COMPENSATING FOR | EVALUATION |
|--|--|---|
| 6. Transfer costs (between different climatic zones) 7. Separation costs (where family unable to accompany employee due to post conditions) 8. Temporary lodging costs (pending location of satisfactory permanent dwelling) 9. Emergency storage costs 10. Emergency costs of travel home for business, serious illness or death in family. 11. Shipment of automobile | 6. Transfer allowance (for Foreign Service Act-covered employees only) 7. Separation allowance 8. Temporary lodging allowance (3 months' limit) 9. Emergency storage payments (for Foreign Service employees when furniture and effects cannot be taken to post) 10. No formal provisions 11. Provided only under FS Act. | // Get information to appraise adequacy; need for other than Foreign Service? // Need information on number of such cases, location of posts, adequacy of allowance. // See Sec. State letter of November 10, 1951, effort to extend to other agencies. // Need analysis on State FS and MSA experience with this; frequency, amount expended, etc. // From employee relations records determine frequency of such cases; case histories. // See Manila Personnel Council recommendation for rental of U. S. Government cars if transportation not provided. |
| II. Living Conditions: 1. Isolation; poor cultural environment (true in what percent of posts?) | 1. Post Differential for unusually undesirable posts; shorter tour of duty; home leave | 1. 25% maximum salary differential; seriously limited as applied to Territories. Home leave available to Foreign Service Act-covered employees only; serious deficiency in provisions for certain foreign area and Territorial employees. // See FS criteria for post differential. // See Defense Department proposals (partial to date) on extension of home leave to other overseas employees. |

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Analysis Chart A (continued)

OVERSEAS COMPENSATION PROJECT

| ADVERSE CONDITIONS OVERSEAS | METHODS OF COMPENSATING FOR | EVALUATION |
|--|--|---|
| <p>2. Limited and confining social opportunities</p> <p>Recreational opportunities (vary widely among posts)</p> <p>4. Inadequate housing; frequently inferior to U. S. standards.</p> <p>5. Commodity purchase: food, clothing, etc</p> <p>6. Health hazards and expenses a. Employee</p> <p>b. Employee's family</p> | <p>3. Home leave every two years (for FS Act-covered employees only)</p> <p>4. Free quarters or quarters allowance for foreign area employees; no provision in Territories.</p> <p>5. Group purchasing facilities provided by military or Embassy commissaries, State Department's Commissary and Welfare Unit, and other means.</p> <p>6. a. (1) Free hospital and medical attention, transportation to hospital (FS Act employees) (2) Sick leave (limited to accumulation and advance) (3) Disability retirement (4) Post Diff. or retirement bonus for FSO b. No provision</p> | <p>// Indicate percent of employees at smaller posts under these conditions; prevalence of restriction otherwise; see post reports.</p> <p>5. Where travel is necessary to favorable recreation spots, expense may be significant. // Data needed on agency or post-sponsored recreational activities.</p> <p>// Check post reports to substantiate general characterization of "inadequate housing."</p> <p>// Tabulate location of post facilities; indicate other sources</p> <p>6. a. // Detailed data needed on FS experience with number, cost and kinds of cases handled in medical program. // Case study and average use data needed. // Details on experience needed. (4) Limited in application. b. Very large risk borne by employee who must stand emergency transportation cost unless he is in FS, eligible for home leave, and he must otherwise take chances with local medical facilities which are inferior in most places. // Case histories, data on number of cases, frequency.</p> |

Analysis Chart A (continued)

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There are adverse conditions found in overseas service for which: (a) compensation may be psychological; or (b) remedies lie in administrative improvements.

- (a) The interagency, CSC-directed, overseas employee selection project (Milt. Mandell) is isolating those personal qualities necessary for successful performance overseas and as a by-product is cataloging some of the conditions which may be alleviated or tempered through selection of fully qualified employees.
- (b) Conditions of poor management, faulty communication with Washington, poorly defined mission and the like are probably high among the frustrations found in overseas employment. Monetary compensation to ease this type of adversity is indefensible. The remedy can best lie in improved administration.